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**United Calling Network, Inc.**

**United Calling Card, Inc.**

**United Cellular Services** A Licensed Public Utility U-41  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

JUL 22 1997

SOLUTIONS FOR THE FUTURE

Wednesday, July 16, 1997

**William F. Caton, Secretary**  
**Federal Communications Commission**  
**1919 M. Street, N.W.**  
**Room 222**  
**Washington, D.C. 20554**

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Re: Comments on Public Notice – WT Docket 97-82

Dear Secretary Caton:

This a follow-up letter to our previous letter of June 23, 1997, commenting on Public Notice WT Docket 97-82. In the open forum that followed this Public Notice, there has been a substantial amount of opposition raised by "incumbent" Personal Communications Services ("PCS") providers to the requested relief by C-block auction licensees. Although they have voiced strong opposition, these incumbents fail to consider that some were granted "pioneer" licenses by the Federal Communications Commission ("F.C.C.") and were allowed to build their digital networks by paying only a fraction for their licenses. They seem to have developed a severe case of amnesia.

Now that the C-block auction licensees have faced the harsh reality of a financial market which may have "soured" on wireless and have requested relief from the F.C.C., the major opposition is coming from those already entrenched in the PCS market and who have received a substantial head start on the competition and are now collecting revenue. Those companies who have begun to build their PCS networks with "pioneer" licenses have no basis to complain about subsidies from the government. It is outright hypocrisy and greed on the part of these incumbent PCS pioneer companies to keep the C-block competition out of the PCS market as long as possible.

These complaint-lodging incumbent PCS carriers are the A and B-block pioneer licensees who had the tremendous advantages of time and money of which C-block auction winners could only dream. These pioneer licensees had a "head start" in setting up their PCS networks without the pressure or time constraints of opposition or competition. The incumbent PCS companies had an unobstructed path to obtain financing to build their networks and pay for their licenses for this brand new technology and did not have to look to alternative means of financing.

Unfortunately, the C-block auction licensees are burdened with many obstacles that the A and B-block winners did not have to face. C-block winners came into the

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marketplace with existing giant PCS providers. The traditional sources of funding had already been tapped into and all the major companies had taken "sides" and picked their PCS technology of choice. By the time the C-block auctions were completed, many investors were skeptical about the viability of the C-block licensees and the money was not easily obtained. The C-block licensees had to find their financing wherever it was available, in many instances, from foreign sources.

In a democratic society, everyone is entitled to voice his or her opinion. Yet, in this instance, we urge the F.C.C. to consider the reasons that incumbents are against any type of relief to C-block auction licensees. The opposition cannot raise one valid reason for denying the restructuring application. It is simply a matter of the "haves" attempting to keep the "have nots" out of the market, or, at least, delaying their entry.

The decision to grant or deny relief to C-block licensees cannot be based upon the biased opinions of incumbent companies who have a vested interest in the success of these C-block winners. The measure of whether the requested relief is fair and reasonable should ultimately be based upon the original intent of the F.C.C. in creating the "C-block" and granting the licenses to the winning bidders. Once again, C-block was originally reserved for minority participants, then for small business entrepreneurs.

United Calling Network, Inc. ("UCNI") is a switched reseller of NextWave Telecom Inc., a C-block licensee and an applicant for restructuring of the license debt. UCNI is a solely owned telephone company and not a "large reseller" of NextWave's minutes of use. A restructuring of the debt owed by C-block auction winners will not result in any significant subsidy to UCNI. UCNI is obligated to pay for its switch and to build out its own national telephone network. Whether we sell one minute of NextWave's PCS airtime during the next ten years, we are contractually bound to pay for all the minutes of use.

An argument in opposition to C-block auction licensee relief is that a restructuring of the payment schedule or forgiveness of a part of the debt would be a "significant and artificial subsidy for large resellers." Such debt restructuring would be a "subsidy" to the C-block licensee but cannot be a subsidy, either artificial or real, to the "resellers" of these licensees. No one can dispute that the C-block auction winners will directly and irrevocably benefit from restructuring but the nexus to their resellers is not as clear as the opposition would lead us to believe. In fact, there is no evidence that, if the requested relief is granted, the resellers of these C-block licensees will financially benefit.

Obviously, the C-block licensees, if the debt is restructured, will use their capital to build their own infrastructure (network). The incumbent PCS carriers claim that somehow, if the debt is restructured, the resellers of these companies will benefit by some "pass through." We do not anticipate any direct financial benefit from debt restructuring of the C-block auction. UCNI is building and paying for its own national telephone network. UCNI envisions that our network will not only enable us to provide competitive service in the wireless/PCS market but also allow us to gain entry into the local loop and other traditional telephone services.

With regard to the argument that the granting of the requested relief would set a dangerous precedence for future auction participants, it is difficult to predict what kind of affect the decision will have. One result is certain, if relief is not granted, the future of all C-block participants, licensees and resellers will be very much in doubt. If there is no restructuring and the C-block licenses are forfeited, the F.C.C. has the right to re-auction the licenses. Common sense will tell you that the second auction will not result in a bid that is higher than the original. Additionally, there are no guarantees that the second C-block winner will be in any better financial position to pay for the licenses that the present winners who are now asking for relief. The end result of forfeitures and re-auctions of the C-block licenses will be that the "competition" envisioned by the F.C.C. will be greatly delayed, if ever achieved.

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UCNI is only interested in completing the job that we set out to do, providing the best quality product and customer service to the general public. We have always believed that the C-block auction gave us an opportunity to participate in the newest technology, PCS, with all of the giant, incumbent telephone companies. Our contract with NextWave Telecom Inc. made that a reality. Now, our window of opportunity may be permanently closing, if the restructuring of the licensing debt is not allowed. As a small, minority telephone company, this was our chance to test our goal of taking a "grass roots" approach to marketing and servicing our telephone products.

Each day that passes without the C-block licensee paying for its license or building out its network, is another day of income lost that will never be recovered. We urge the F.C.C. to restructure the debt payments as requested so that the C-block licensees and resellers can provide PCS to the general public. If the licenses cannot be paid for by a company who is selling PCS minutes, then its licenses should be forfeited. But, to punish these C-block winners, before they have had an opportunity to compete goes against everything that the C-block auction was intended to do, give equal access and opportunity in PCS to those otherwise unable to participate.

Your anticipated courtesy, cooperation and prompt attention to this matter are greatly appreciated.

Very truly yours,

*Phillip Van Miller*

Phillip Van Miller  
Chief Executive Officer  
United Calling Network, Inc.

cc - President William J. Clinton  
Vice President Albert Gore, Jr.  
FFC Chairman Reed E. Hundt  
FCC Commissioner James H. Quello  
FCC Commissioner Rachelle B. Chong  
FCC Commissioner Susan Ness  
Representative Thomas J. Bliley  
Representative Edward Markey  
Representative W.J. Tauzin  
Representative John Dingell  
Senator James M. Talent  
Senator Christopher Bond  
Senator John McCain  
Senator Ernest Hollings  
Senator Conrad Burns  
Eric M. Nakasu, Esq., Chief General Counsel UCNI